

AT&T + T-Mobile: A World-Class Platform for the Future of Mobile Broadband

March 21, 2011



Agenda

Strategy, Transaction Overview

Randall Stephenson

Chairman, CEO and President, AT&T

Approval Processes

Wayne Watts

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Spectrum and Network Strategy

John Stankey

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Integration and Future Growth

Ralph de la Vega

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Financial Expectations

Rick Lindner

Senior Executive Vice President
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Q and A



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Randall Stephenson

Chairman, CEO and President, AT&T



A World-Class Platform for Innovation and Growth

AT&T is the only major U.S. wireless company with a union workforce — good jobs with good benefits

Major commitment by a U.S. company to advance America's leadership in mobile broadband

Critical time — at the beginning of transition to LTE

Critical infrastructure for economic growth

- Drives business productivity
- Communities can attract investment, jobs
- Changing delivery model for education and healthcare
- Competitive advantage for America

Strong history of investment in the U.S. economy

- >\$75B in capital investment over past four years
- Foundation for unprecedented innovation
- U.S. today leads the world in mobile broadband



Transaction Delivers Significant Customer Benefits, Creates Value

Improves network capacity, output and quality

Greater network density, compatible spectrum, more efficient network migration

Expands 4G LTE deployment to 95% of U.S. population

A level neither company would have achieved alone; gives T-Mobile customers path to LTE

Improves growth potential

More robust platform for new services, innovation across the ecosystem

Large, achievable synergies

Straightforward execution path, record of successful integrations

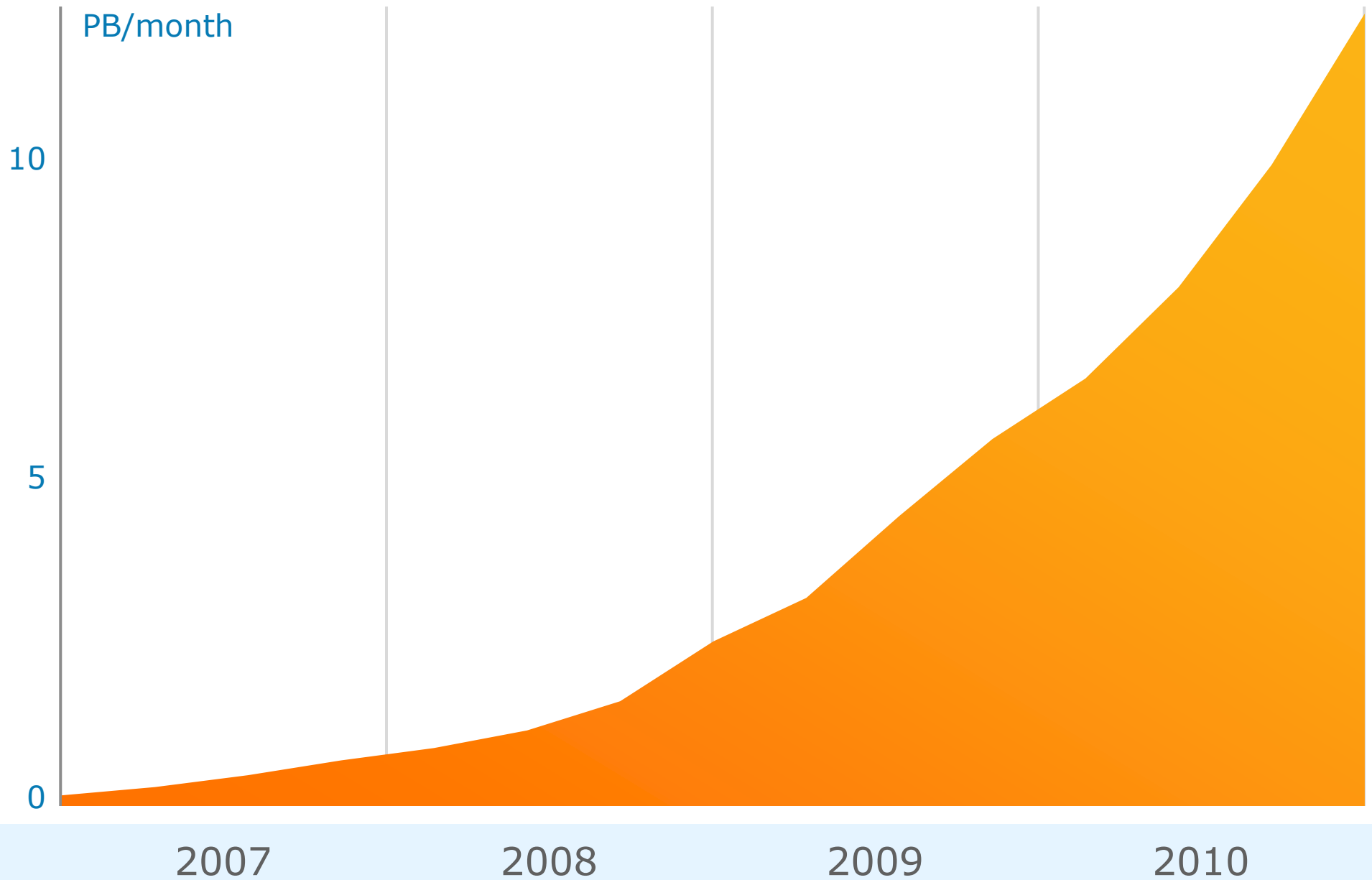
Confident in approvals

Compelling customer and public interest benefits

Now is the time

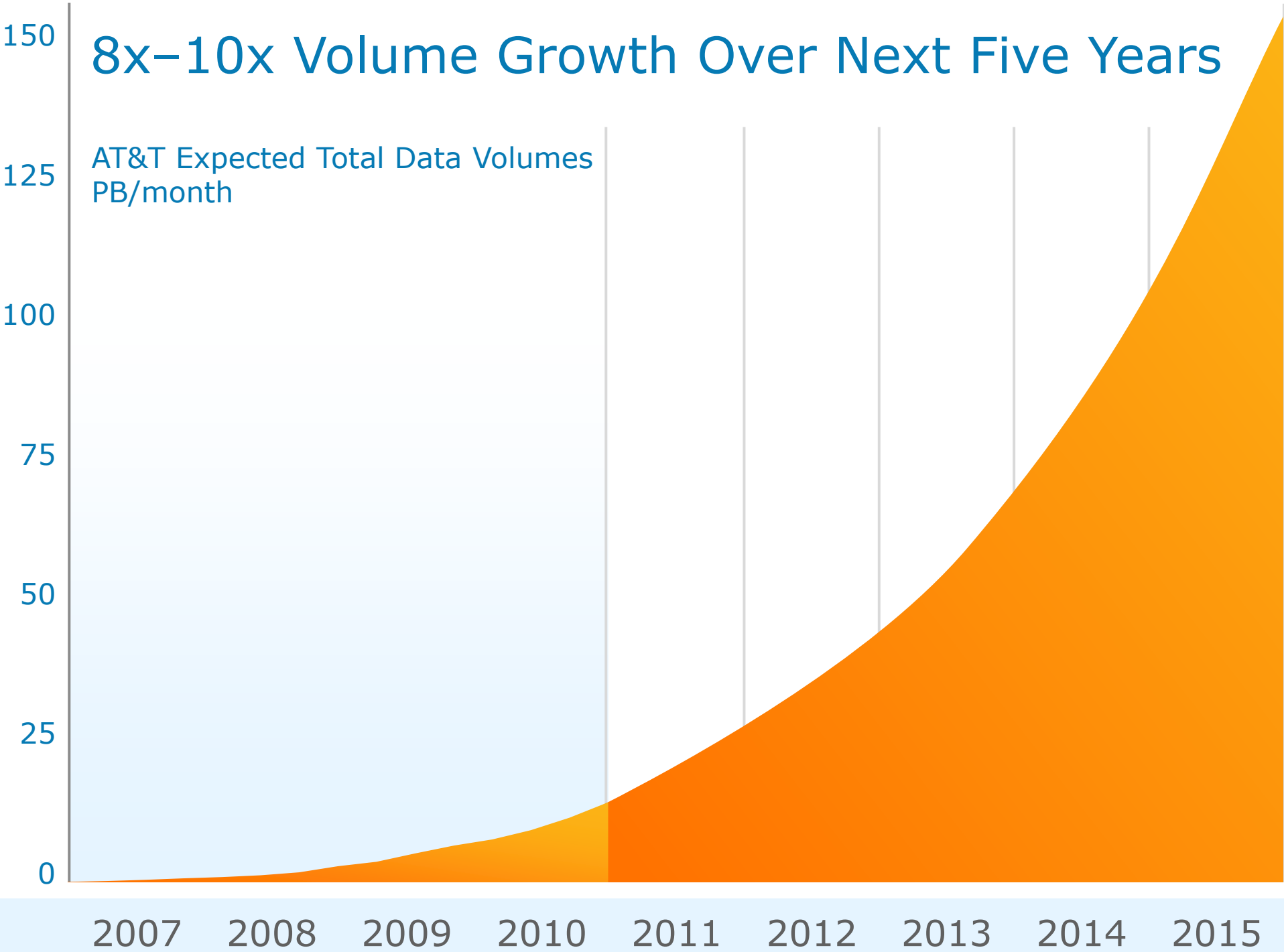


AT&T Mobile Data Volumes Up 8,000% Over Four Years



8x-10x Volume Growth Over Next Five Years

AT&T Expected Total Data Volumes
PB/month

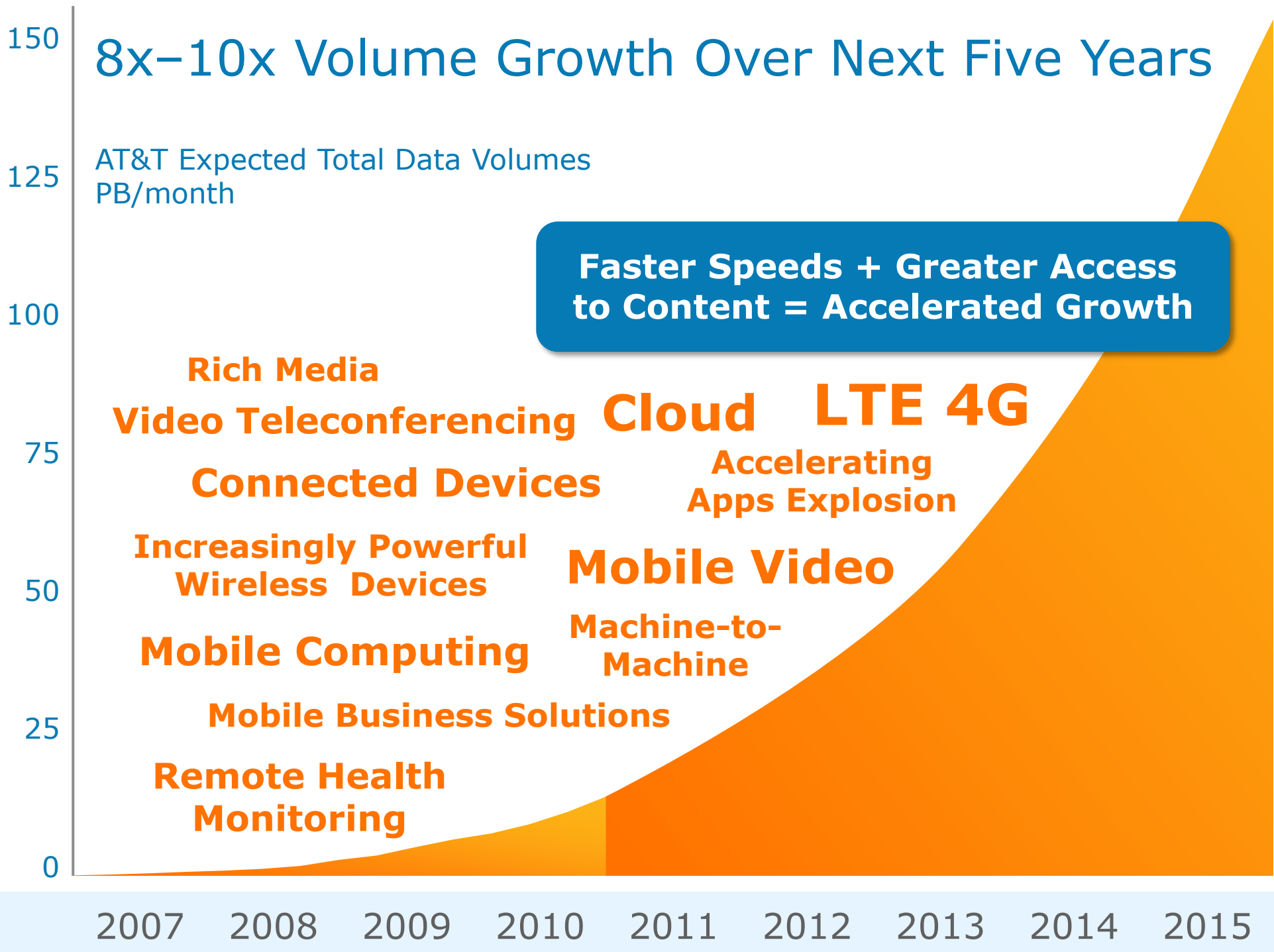


8x-10x Volume Growth Over Next Five Years

AT&T Expected Total Data Volumes
PB/month

**Faster Speeds + Greater Access
to Content = Accelerated Growth**

Rich Media
Video Teleconferencing **Cloud** **LTE 4G**
Connected Devices **Accelerating Apps Explosion**
Increasingly Powerful Wireless Devices **Mobile Video**
Mobile Computing **Machine-to-Machine**
Mobile Business Solutions
Remote Health Monitoring



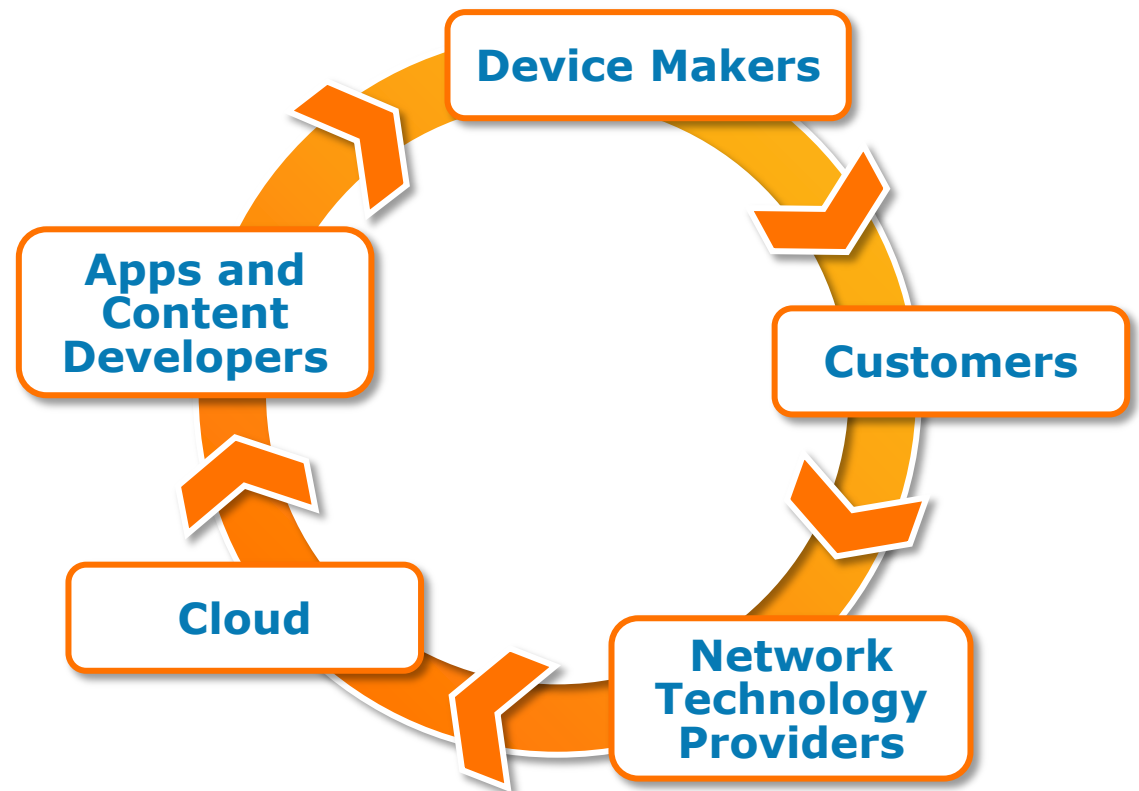
This Transaction Brings Together the Building Blocks for This New World

Spectrum

**Dense Network
Assets**

**Sustained
Investment**

The Foundation that Enables a Virtuous
Cycle of Innovation and Growth



Unique Opportunity to Create Value, Accelerate the Future of Mobile Broadband

→ **Compatible networks and operations**

- GSM-based with HSPA+
 - Logical, straightforward integration path
-

→ **Optimal, efficient use of spectrum**

- Improves network performance in the near term
 - Significant expansion of LTE availability beyond what either company would achieve without this transaction
-

→ **Helps achieve Administration's and FCC's national broadband goals**

→ **Strengthens critical U.S. economic infrastructure**

- Creates greater opportunity for communities across the country
- Advances the capabilities of a dynamic, intensely competitive industry





Wayne Watts

Senior Executive Vice President and
General Counsel, AT&T



Confident in Regulatory Approval

→ **Thorough review by DOJ and FCC**

- Fully understand and respect the process, work to be done
-

→ **Prepared to demonstrate that facts meet legal standards**

- Transaction is in the public interest
- Wireless competition will continue to flourish



Transaction Is in Public Interest

→ **Addresses impending spectrum shortages**

- AT&T leads in mobile data, needs spectrum sooner
 - Enables greater capacity, output to meet exploding demand
 - Improves quality of voice and data service for customers of both
-

→ **Helps achieve federal policy objectives**

- More efficient use of scarce spectrum; consistent with FCC policy
 - Expand LTE to 95% of population — 46M+ Americans, including rural, smaller communities
-

→ **Results in an American company investing in America**

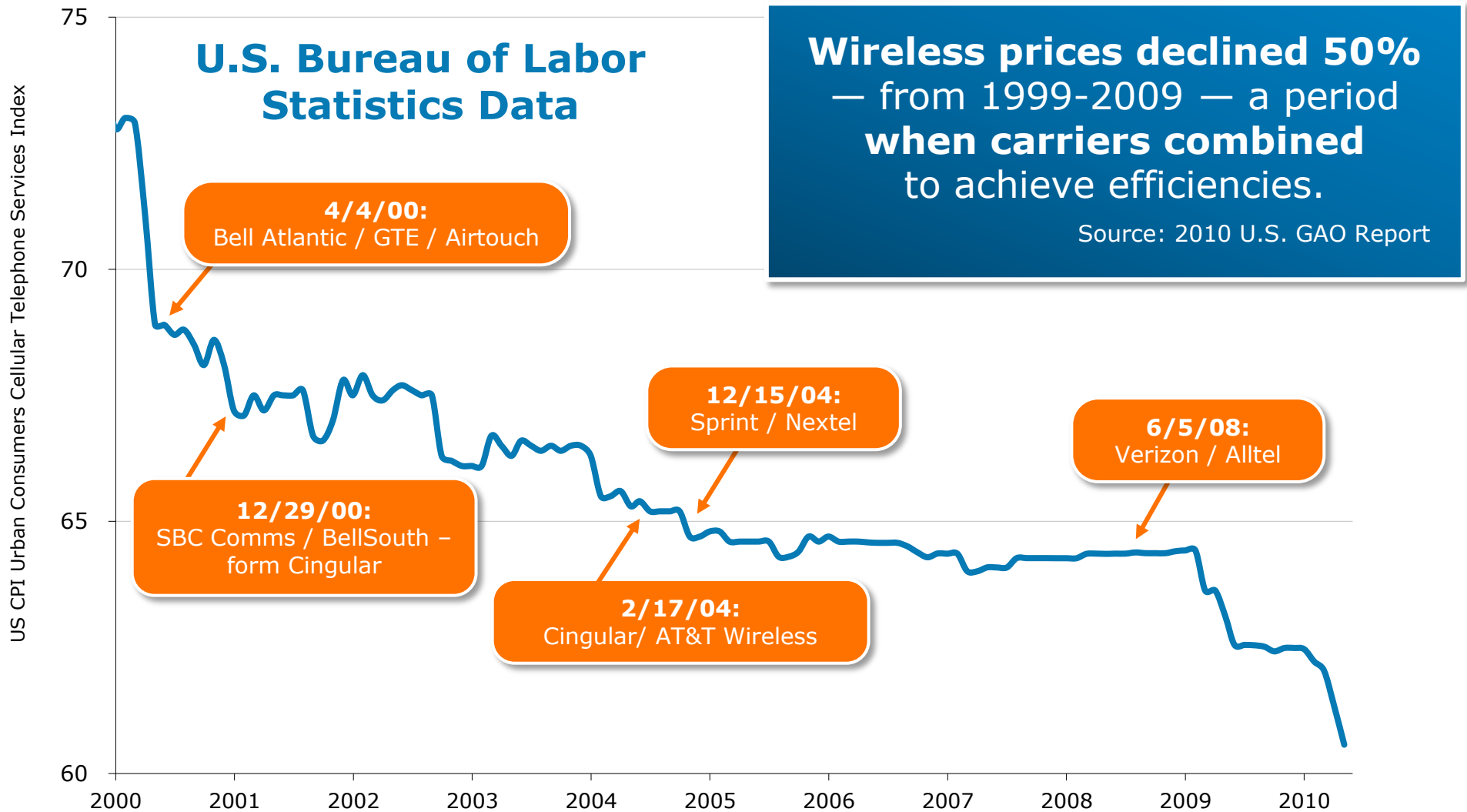
- LTE infrastructure enables U.S. high-tech industry, U.S. economy
 - Enables the next era of American innovation
-

→ **Represents large, achievable synergy opportunities**

- Benefits at this level, speed unique to this transaction



Historically, During Period When Carriers Combined to Achieve Efficiencies, U.S. Wireless Prices Fell



Note: U.S. CPI Urban Consumers Cellular Telephone Services Index began with a base of 100 on 12/31/97. Information updated on a monthly basis
Source: U.S. Bureau of Labor Statistics via Bloomberg (as of March 4, 2011)



U.S. Wireless Market One of Most Competitive in World and Will Remain Intensely Competitive

→ Numerous successful providers:

- Verizon, Sprint, Metro PCS, Leap, US Cellular, Cellular South, and others offer competitive national rate plans and advanced devices, features and services
 - New players — like Metro PCS, Leap — growing fast, surpassing traditional carriers in several major and mid-markets
 - 18 of top 20 markets have at least 5 carriers
 - Large majority of Americans have choice of 5 carriers in their market
-

→ Intense competition increasing with new entrants

- **Clearwire:** 4G covering 119M POPs, 4.4M customers — expected to double in 2011
- **LightSquared:** LTE covering 100M POPs in 2012, 260M POPs in 2015



Confident in Regulatory Approval

→ Significant public interest benefits

- Alleviates impending spectrum exhaust
 - Enhances network capacity and output
 - Extends LTE to 95% of the U.S. population, including rural areas, smaller communities
 - Significant synergies unique to this transaction
 - Enables U.S. high-tech growth, innovation
-

→ Competition is vibrant and will only increase

→ Facts support approval with focused divestitures





John Stankey

President and CEO – AT&T Business Solutions



Fast, Efficient, Certain — Optimal Combination of Mobile Broadband Network Assets

Mobile broadband has become *the* critical enabling technology for innovation and growth across a wide range of industries

Complementary assets to deliver benefits at a level not available with other combinations

- Highly compatible spectrum — 700 MHz, AWS
- Common network technology — UMTS, GSM, HSPA+

More capacity sooner than any other alternative

Improved network quality for both AT&T and T-Mobile customers

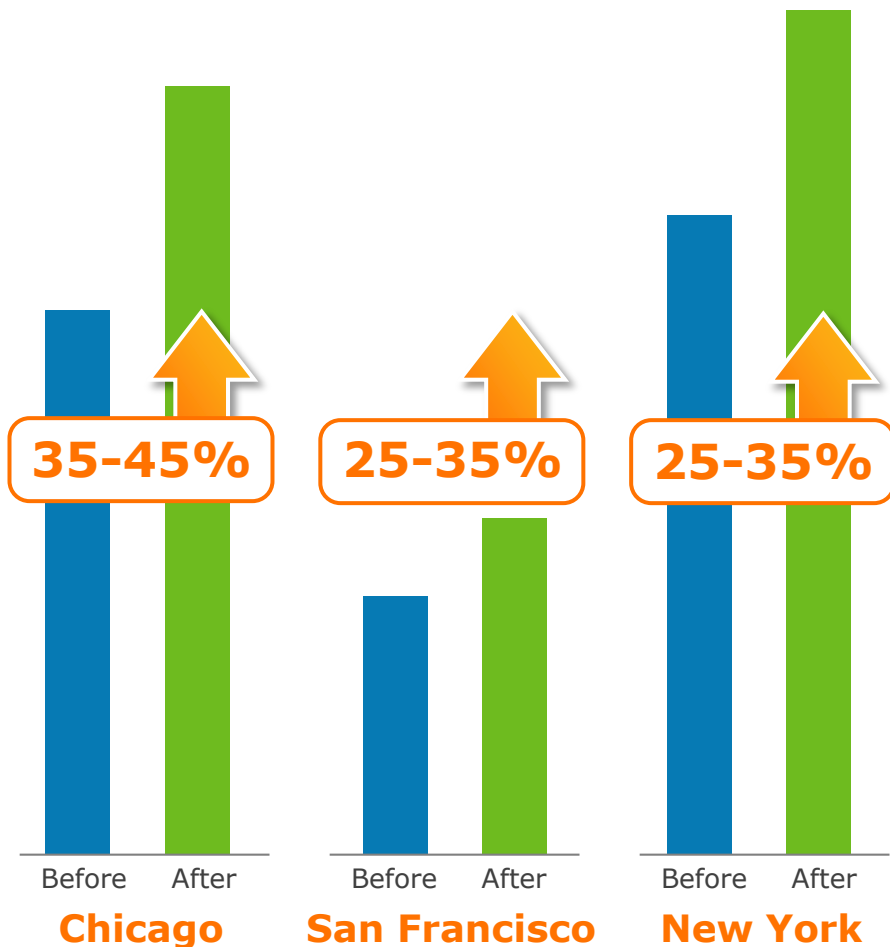
Expanded LTE deployment — far beyond what either company would have done alone, including small towns and rural areas

Enhanced 4G capabilities — the fastest LTE holdings based on pairing of the companies' AWS spectrum



Greater Density = Better Performance: Significant Customer Benefits

Typical Major Market Increases Following Transaction in Number of Cell Sites Available



Integrated tower grids with compatible technology drives efficiency and adds extra capacity

Equivalent to several years of cell-site build in most markets

Allows for more efficient engineering as population and usage trends change

Improves in-building coverage

More responsive to clustering around events

→ *LTE will create efficiencies, but migration will take several years. Identifying and clearing new spectrum also typically is a lengthy process.*



Integration Drives Significant Near-Term and Long-Term Network Improvements

Combine 2G and 3G Networks

Quickly and dramatically improve capacity and performance

- Dual band cell sites
- Cell splits expected to **double** 3G capacity in many areas
- T-Mobile subscribers gain improved coverage

Rationalize Spectrum

Free up high-quality AWS spectrum for LTE

- Deploy multi-mode devices for T-Mobile HSPA+ subscribers
- Migrate subscribers to AT&T's 3G and 4G networks

Broad LTE 4G Deployment

To 95% of U.S. population, much more than otherwise planned

- HSPA+ launched in both companies' networks
- The fastest LTE speeds possible based on the pairing of AT&T's and T-Mobile's existing AWS spectrum holdings

→ *Opportunity to augment AT&T's strong technical ranks with T-Mobile USA design and construction talent*



High Level of Confidence in Integration Plans

History of
leadership
developing
innovative,
value-added
services

- **Clear network quality benefits for both companies' customers**
- **More robust platform for business solutions**
 - Global network standard
 - Expanded connected-device opportunity
 - Complementary speed and capacity capabilities of LTE and the cloud open the door for new business solutions
- **Strong record integrating and improving operations, achieving and exceeding targets**
 - Support infrastructure
 - Supply chain management
 - Inventory consolidation
 - Billing and remittance operations
 - Network automation
 - On-net traffic, roaming and third-party transport





Ralph de la Vega

President and CEO –
Mobility and Consumer Markets, AT&T



Significant Customer, Marketing and Operational Opportunities



Improve performance levels across the business:

- #1** Further Improve the Customer Experience
- #2** Grow ARPU
- #3** Reduce Churn
- #4** Expand Margins
- #5** Seize New Opportunities



#1. Further Improve the Customer Experience



World-class network experience —
HSPA+ and LTE

Best-in-class device portfolio —
smartphones and connected devices

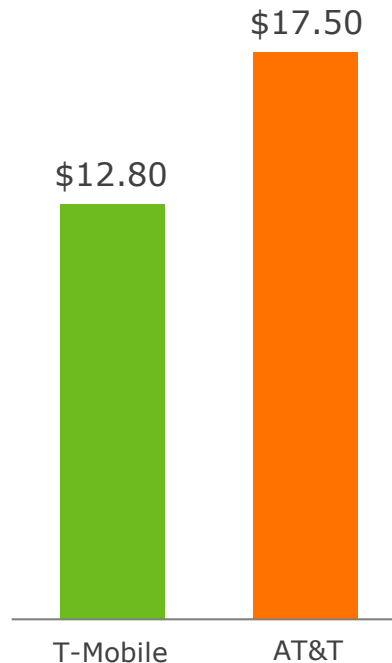
Superior value — mobile-to-mobile
plus Rollover

Focused execution — strong record
based on AT&T Wireless integration
and others



#2. Increase T-Mobile Smartphone Penetration and Data ARPUs

Total Subscriber Data ARPU 4Q10
Average Monthly Revenue/Subscriber

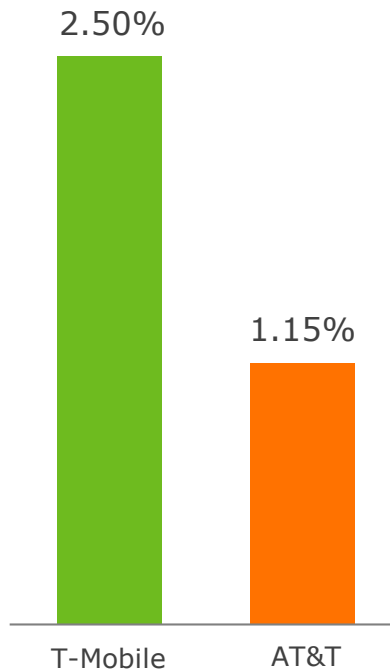


- More than 65% of postpaid sales are smartphones — huge growth opportunity
- Best-in-class portfolio of Apple, Android, Microsoft and RIM devices
- Attractive tiered data plans — allows data growth to be monetized
- Led all major U.S. wireless providers in wireless data growth the past two years — up 28.7% in 2010
- Large growth opportunity with LTE-based services



#3. Improve T-Mobile's Subscriber Churn Levels

**Average Monthly Postpaid Churn
4Q 2010**

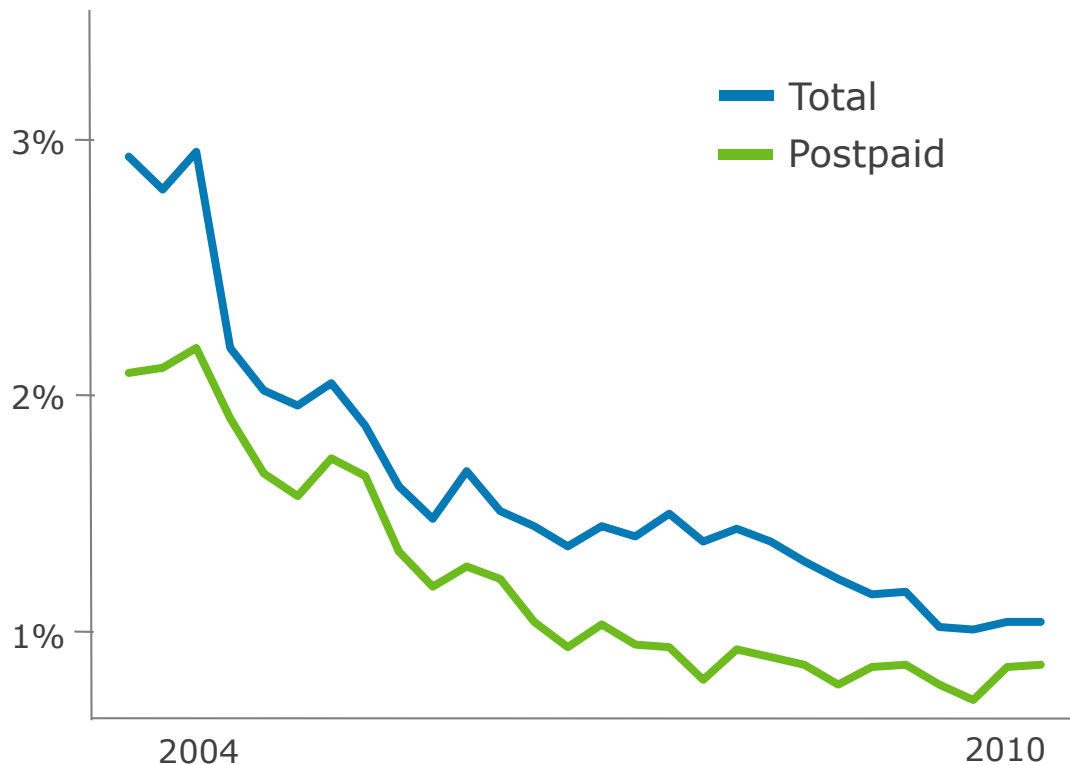


- Significant improvement in network performance — converged networks benefit
- Larger mobile-to-mobile calling scope
- Access to nation's largest Wi-Fi network with > 24K hot spots
- Broadest international coverage of any U.S. wireless provider — voice service in >220 countries and data service in >200 countries
- Fairest value in wireless — Rollover
- Attractive upgrade program
- Broad, attractive device line-up



Strong Record Delivering Customer Value, Reducing Churn

AT&T Mobility Average Monthly Subscriber Churn Since Cingular Acquisition of AWE

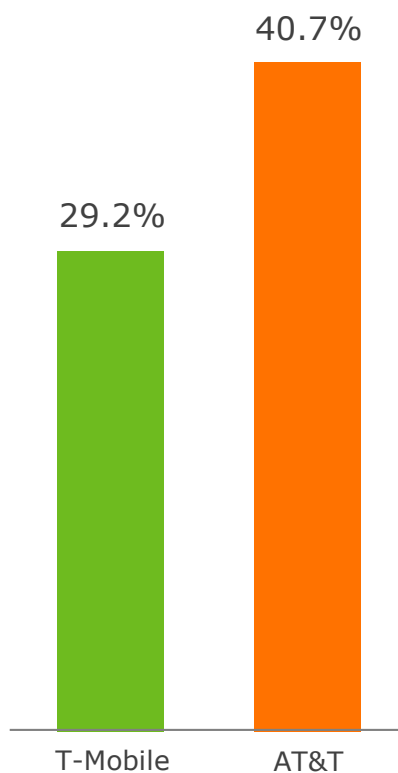


- Churn levels nearly cut in half in the first three years following Cingular's acquisition of AT&T Wireless
- Today, AT&T's total subscriber churn is at industry-leading level



#4. Improve T-Mobile's Margins

2010 Wireless Service
EBITDA Margins



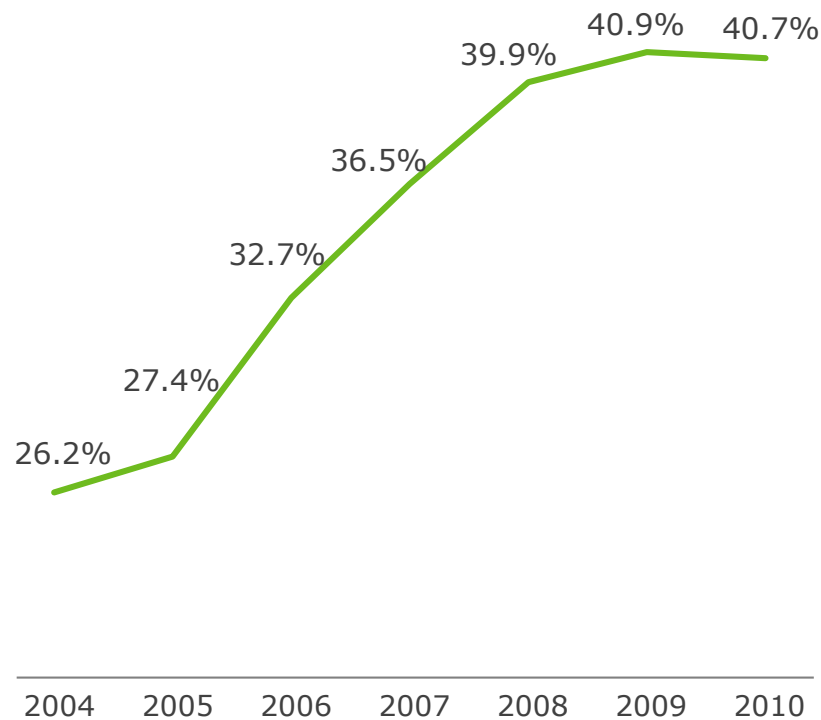
Synergy opportunities across marketing, customer support and operations:

- Retail store rationalization
- Advertising spend
- Billing system consolidation
- Device portfolio rationalization
- Customer acquisition costs
- Expect most of required force reductions to be achieved through natural attrition



AT&T Has a Strong Record of Wireless Margin Expansion Following Major Acquisitions

AT&T Historical Wireless Service EBITDA Margins Since Cingular Acquisition of AWE



➔ Achieved 1000 basis points of margin improvement in the three years after our AT&T Wireless acquisition

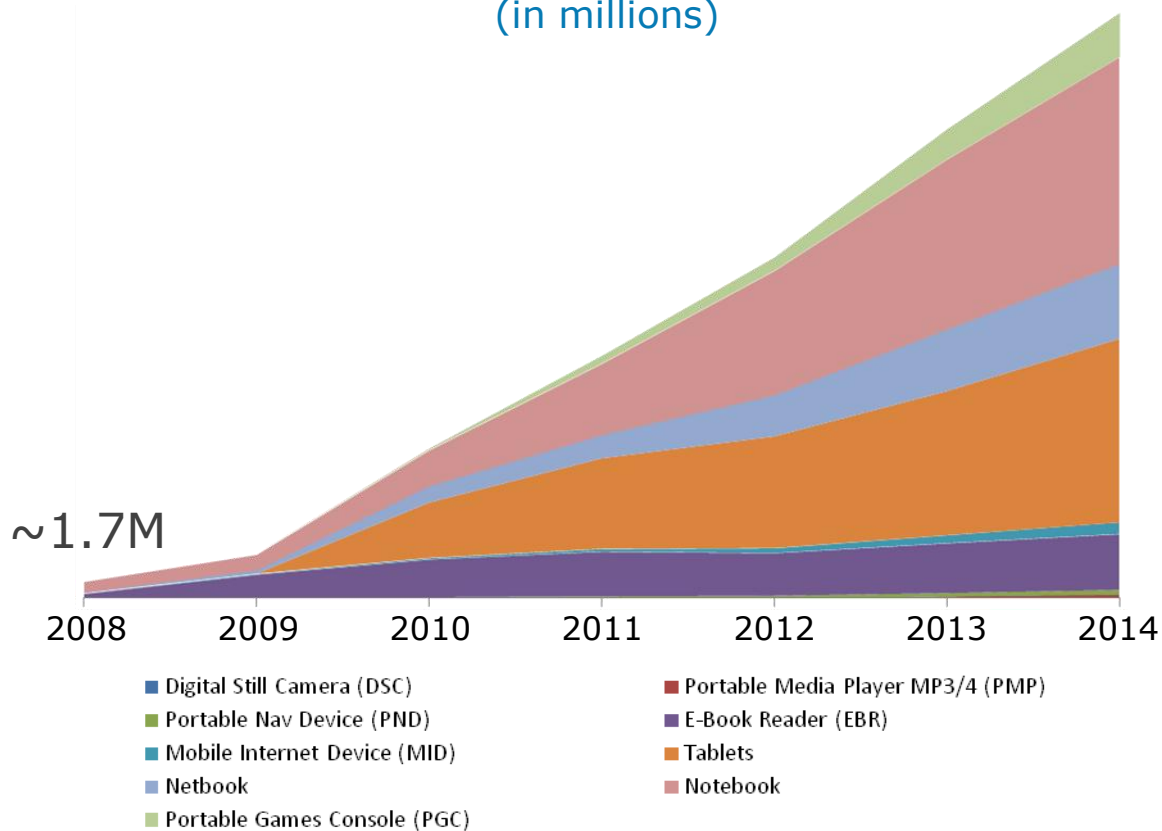


Service OIBDA margins are as Reported. Margins prior to 2008 have not been restated for accounting changes for intercompany transactions and benefits plans.



#5. Deliver on New Opportunities with a Broad Array of New Services

Projected U.S. Sales of WWAN Embedded Portable CE Devices (in millions) ~60M



Emerging devices represent a large growth opportunity:

- Tablets
- eReaders
- Connected Homes
- Connected Autos
- Connected Gaming

LTE, HSPA+ and Wi-Fi provide superior position in high-growth market

Planned LTE deployment reaches 46.5M more people



Source: Strategy Analytics, WAN Enabled CE Devices US Market Forecast, Sept. 2010





Rick Lindner

Senior Executive Vice President and CFO, AT&T



Transaction Summary

Terms

- \$39B purchase price
 - ~7X 2010 EBITDA
 - ~64% cash
 - ~36% AT&T shares
- Stock consideration subject to collar
- Customary lock-up period
- One Deutsche Telekom representative on AT&T board
- Sharing for divestiture-related closing items
- Termination and reverse break-up commitments

Timing considerations

- Review by the FCC and the Department of Justice
- Expect transaction to close in ~12 months

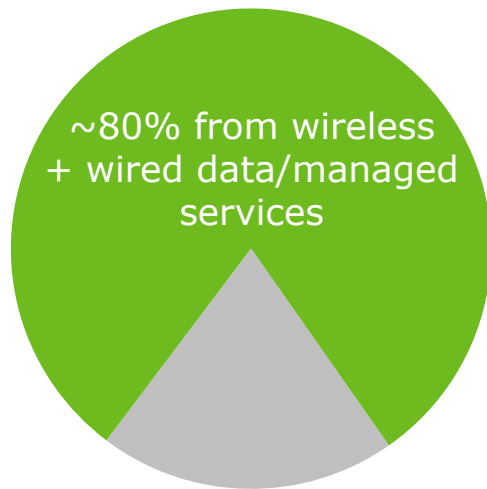
Funding considerations

- Strong balance sheet
- AT&T assumes no debt from T-Mobile or Deutsche Telekom
- Strong cash generation: >\$12B FCF after dividends over past two years
- Bridge loan arranged by J.P. Morgan



Improved Business Mix: Increased Exposure to Mobile Broadband Growth

2010 Combined Revenue Mix



Combined 2010 Totals

	AT&T	T-Mobile	Total
Wireless subscribers	96M	34M	130M
Wireless service revenues	\$53.5B	\$18.7B	\$72.2B
Total wireless revenues	\$58.5B	\$21.3B	\$79.8B
Wireless service EBITDA margin	40.7%	29.2%	
Postpaid ARPU	\$62.57	\$52.00	
Total churn	1.31%	3.40%	



Substantial Opportunities, >\$3 Billion Run Rate Starting Year Three

Expected Synergies, Integration Costs

\$ in Billions (cash basis)

- Expense and Revenue Synergies
- Integration Costs



Network

- Redundant cell sites
- Migration to AT&T transport
- Migration to AT&T LD network

Subscriber

- Improve T-Mobile ARPU and churn metrics
- Retail distribution
- Advertising/marketing support
- Device purchasing

Support and G&A

- Call centers
- Billing and customer care
- Overhead

Capital and Spectrum

- Avoided purchases and investments

NPV

>\$10B

>\$10B

>\$10B

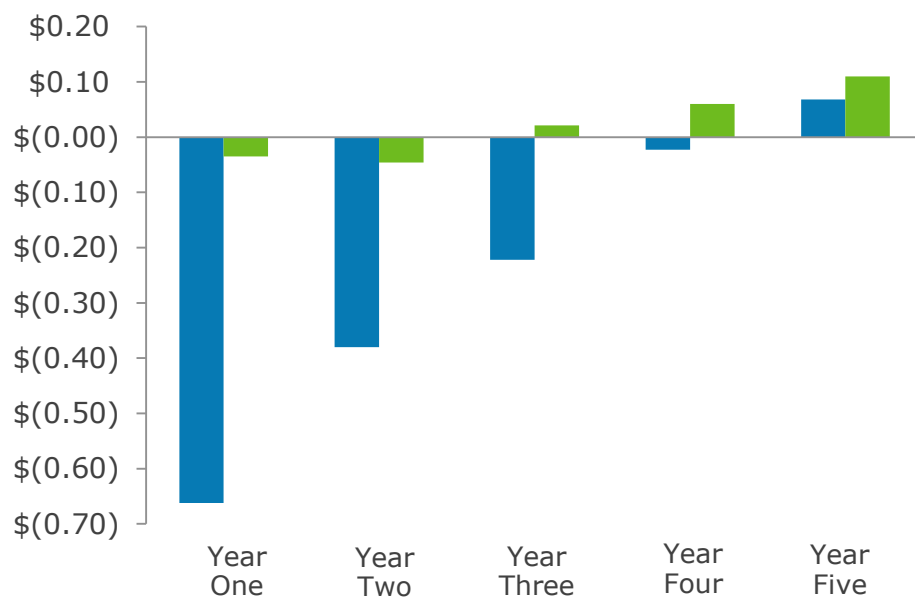
>\$10B



Financial Impacts

Expected EPS Impacts

- Reported EPS
- EPS excluding noncash amortization and integration costs



Preliminary view

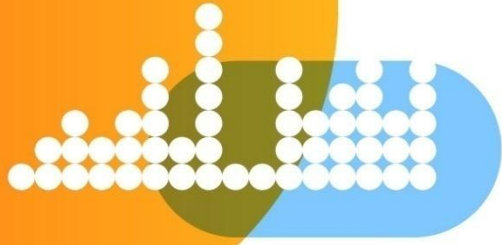
- Purchase accounting with amortization of intangibles
 - Primarily customer lists
 - 5-year accelerated basis
 - Transaction costs expensed
- Costs to integrate networks and operations over first three years
- As a result, similar to previous acquisitions, dilutive in early years
- Earnings excluding noncash amortization and integration costs accretive in year three



Financial Summary

- **Transaction creates substantial shareowner value**
- **Enhances long-term revenue growth and margin potential**
 - Broad LTE mobile broadband combined with existing network capabilities and cloud
 - Scale and combination of assets provides a path to industry-leading margins
- **Substantial on-going synergies, >\$3B in year three**
 - Mix of expense and revenue
 - Greater than in Cingular/AWE integration
- **We've done it before — confident in our ability to execute and achieve targets**
- **Continue to have a strong balance sheet**
 - Credit metrics expected to return to target levels as synergies are realized
 - Cash flow supports the dividend





Q&A

